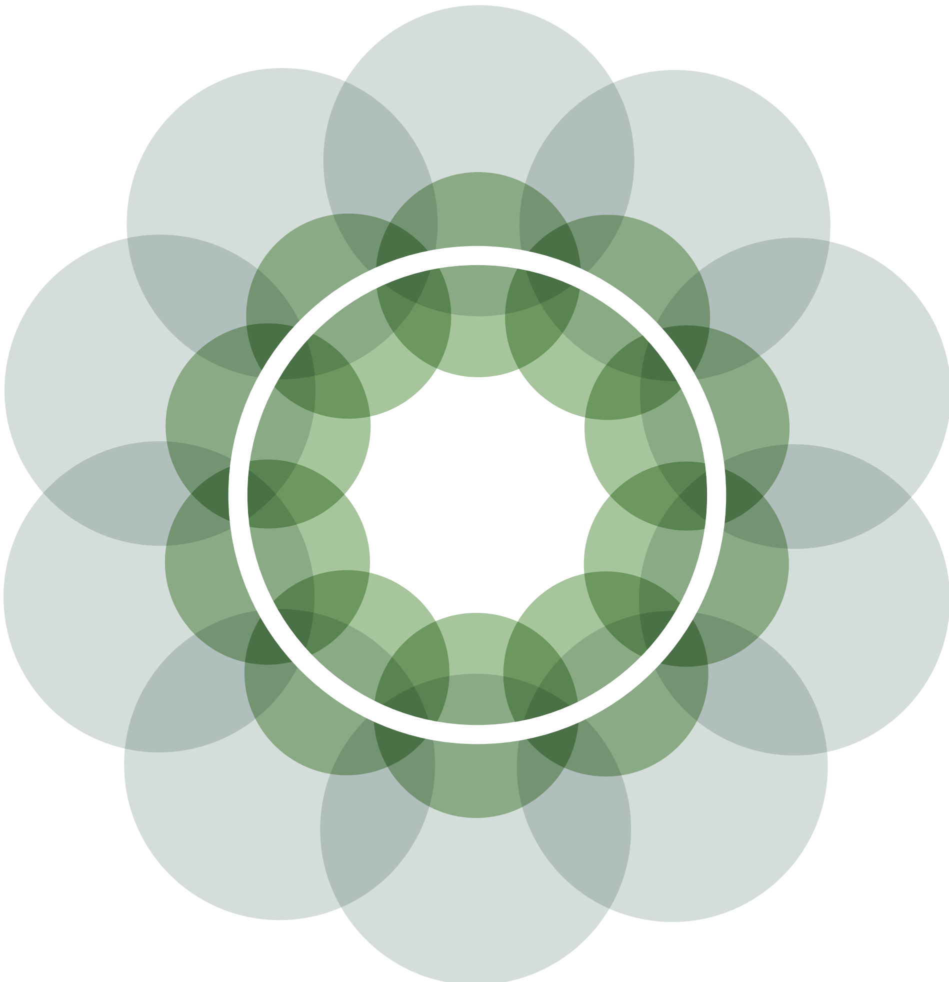
Institute for Philanthropy

Helping donors achieve impact

STRATEGIC PHILANTHROPY: A HANDBOOK

An introduction to providing philanthropy services to donors in Central and Eastern Europe.



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A handbook for working with individuals using strategic philanthropy.

Written by the staff of the Institute for Philanthropy, with generous support from The Charles Stewart Mott Foundation.

Intended for use by the Central and Eastern European participants in the Community Foundations Essentials course at the Institute for Philanthropy, their colleagues and boards, from their own community foundation or from other community foundations in their countries in peer networks.

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1 : WHAT IS STRATEGIC PHILANTHROPY

Strategic philanthropy is the name given to the investment of money, time and other assets and skills in a thoughtful and leveraged way to bring about positive social change.

Four examples (the first from Tomas Krecji, the Director of the Usti nad Labem Community Foundation and Martin Hausenblas, a Usti nad Labem Community Foundation client, and the others from the useful Philanthropy UK website www.philanthropyuk.org) illustrate the diversity of philanthropic clients and how each has used personal and professional skills, knowledge and influence, as well as money, to influence change in the country they live in and abroad.

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An example from Tomas Krecji, Director of the Usti nad Labem Community Foundation and Martin Hausenblas, a Usti nad Labem Community Foundation client, written by Alina Porumb from Asociatia pentru Relatii Comunitare:

Martin Hausenblas is the co-owner and has been for many years the manager of Adler, an Usti nad Labem-based business. He shares that like many people today, he was working long hours and devoting most of his time to making the business successful. As the business grew, so did the pressure on his time. One day he was driving to a business meeting and was so tired that he almost had an accident, and he started asking himself why he was living like this. Slowly he recognized that there were other ways to live, and found a manager who could take over from him and not just sustain, but also help grow the business.

He found himself with a lot of freedom and a lot of time. He used some of this to travel internationally and went to Australia and to the Sahara, while still asking himself the question about what his life should be about now that he was no longer running his business. On these journeys, he had conversations with people which played an important role in how he began to think about life. He realised that these encounters open one's horizons and enrich one's life.

Thinking about his own community, he realized how much the experiences of life and of different cultures influence the options that people believe they have and how much they help you appreciate difference and open your mind to new ideas. He came to believe that the experiences he'd had while travelling could have an extremely positive influence on young people from his community.

"I had the idea, I had the money and I was looking for somebody with the know-how."

He realised what he wanted to do which was to support young people from his community to travel and gain experience. He had the money he would need to invest in this plan, and began to look for somebody with the knowledge and experience needed to make his idea a reality.

This is when he learned about Usti nad Labem Community Foundation. The recommendation came from several people he had met and talked to about his idea. One of these was Jiri Barta from the Via Foundation. Martin attended one of the Usti nad Labem Community Foundation events and had a discussion with Tomas Krecji, the Foundation director which led to Martin deciding that he wanted to use the Foundation's expertise to administer the community funds.

After one year of working with Usti Community Foundation, Martin set up the 'Renaissance Scholarship Fund', which allows young talented people from Usti region to travel and get experiences abroad. In the first year, almost US$50,000 was distributed to 16 talented young people who travelled to places as far ranging as the western part of the USA, eastern Vietnam, northern Finland and southern Australia.

After the first year of existence of the fund, Martin decided to change his bequest, leaving a legacy of one third of his total assets to become an endowment to this Scholarship Fund.

Martin's story continues:

Martin became part of a story I had heard before, a story that was encouraging us to go looking and find those precious philanthropic leaders who could be encouraged to be examples for others.

We asked Martin: can you come and share your experience in other countries? Martin encouraged us to find leaders, and to be leaders: He said, "*all you need is a good story and you can become a good story yourself by sharing with others your narrative of experience, what happened step by step at different stages, what you did and whom you met…*"

As professionals in the field of philanthropy for many years, we believe we understand change. But sometimes we stumble, use professional jargon and find ourselves at a loss as to how to communicate the complexities of change, its emerging character, its indirectness and long-term nature.

And then we hear the thoughts we have been having, expressed clearly and loudly in a few stories and metaphors used by Martin when he examines his role as philanthropist in relation to deep embedded challenges, such as intolerance, poverty or corruption. How can you deal with these deep, embedded problems? Trying to approach them directly only gets you so far…

"How can you get rid of the mould from your house?" asks Martin. *"One option is to try to fight it bit-by-bit, struggle with each appearance on the surface. Or… you can open the window and change the environment. You don't change a system through pressure; you change it with resonance… as in the story of 100 people marching over a bridge."*

So if you want to create change, you can start with yourself. It's like being in the centre of the spiral of a snail's shell. You build it one stage at a time. For example, you introduce energy efficient systems in your house. Then you start talking about it to your parents and your sister. Then your brother-in-law is interested in building something similar, then your parents, then their friends and neighbours. You move from the centre of the snail to the periphery. With each stage, the idea gets stronger and has more supporters.

If you think about where you want to be and your current resources, it can be discouraging. But as you slowly move through new stages, your resources are getting stronger too. What is very important is to start, to want to do something, and then you will meet people and resources to support your work. It is not the first who starts a movement, but it is its first follower that does so, by supporting the one who tries something new.

So you cannot convince others to do things differently, but what you can do is to define your own values and what you stand for and those who are attracted by these values join, while others who are not interested do not.

By approaching new ideas you take on leadership, one step at a time. If you are in the fog, you only see one meter ahead of you at any one time. If you want to see what's happening two meters ahead, then you must move another meter forward and then you will see.

'you cannot convince others to do things differently, but what you can do is to define your own values and what you stand for'

Further donor examples from the Philanthropy UK website:

Serge Raicher

Background: Founding trustee of EVPA and Member of Toolbox asbl, a philanthropy group in Belgium. French national with 15 years' experience in private equity. Current Partner at Pantheon Ventures, a leading private equity fund of funds, and Former Secretary General of the European Private Equity and Venture Capital Association (EVCA).

In January 2001, Serge Raicher and some of his private equity colleagues participated in a charity bike ride in Vietnam. Over the 10-day trek, they raised over €350,000 for Mines Advisory Group and several other charities. They also talked about their giving and new approaches to philanthropy. Those conversations turned out to be the genesis for what became the European Venture Philanthropy Association (EVPA).

As a founding trustee of EVPA, Raicher brings valuable experience in corporate governance and association management, having previously served as Secretary General of EVCA. He also helped to bridge key support from EVCA, now an EVPA honorary member.

Raicher's private giving supports charities tackling disadvantage, driven by a deeply held belief that philanthropy is "a moral obligation". He explained: "Why do some not have access to the basic opportunities in society – such as food, shelter, and education? Their only error in life is to not have been born in the right place at the right time."

Like many of his colleagues, Raicher's private equity experience influences his giving. For instance, he supports projects where his investment can have a measurable impact, and typically provides in kind support, such as marketing advice and access to his network of contacts. He seeks out entrepreneurial leaders who take initiative and who are willing to be critical of their work. Raicher elaborated: "A charity must be conscious of the impact it is trying to have. It is important to set expectations and measure performance - to make objectives clear from the outset, rather than to justify performance retrospectively."

As he seeks new ways to support good causes, Raicher continues to learn from and be inspired by his peers and other philanthropy leaders. He was impressed by Warren Buffett's decision to give away the bulk of his wealth to the Bill & Melinda Gates Foundation rather than to found his own:

"A good starting point for some starting out in philanthropy may be to give to a proven model which has already demonstrated impact and efficiencies. Buffett was tremendously successful in business, but he felt that there was someone else who could give away his wealth more effectively."

Whilst such public philanthropy is still [relatively] uncommon in Europe, Raicher notes that many European companies and wealthy families are very involved in their communities. "But they give quietly", he says, "they would not want their philanthropy to be perceived as self promotional". On the Continent, where economies are more centralised than in the UK, the government and the church are "often held responsible for looking after their citizens… [and] this impacts how individuals get involved in the charitable sector".

Yet Raicher remains optimistic, and believes that attitudes toward giving in Europe are changing positively, evidenced in part by EVPA's success. He encourages other philanthropists to talk more about their giving, to provide leadership for new givers, and to let them know that "it is okay to feel good about giving". For his part, Raicher continues to lead by example.[1]

1. http://www.philanthropyuk.org/resources/serge-raicher

Frederick Mulder

A Canadian citizen, Frederick Mulder moved to the UK in 1968 to finish his doctoral studies in philosophy at Oxford. Although his intention was to return to Canada to teach, he instead stayed on in London and started a business dealing in original prints from the 15th to the 20th centuries. The business went well, but, explained Fred, "while I loved the business, I was also aware that the world had many injustices, and I developed the habit of tithing to projects that addressed those issues." Fred has used much of his income as an art dealer for the good of others, giving to charity in a range of unusual ways and persuading other rich individuals to give their money to charity and to enjoy it.

Fred's philanthropic interests have been a part of his entire life. He recalls that "coming from a religious background, giving was part of my childhood. I used to have 'businesses' as a kid and donated part of the proceeds to the church." Later, as the success of his business afforded him "reasonable" wealth, he became more engaged in his giving. He focuses his efforts on what he calls 'social change philanthropy' – investing in causes which will benefit future generations.

As Fred became more involved in philanthropy, he felt motivated to bring his peers into it. He saw that, although there were many generous people in the art world, few were giving to projects addressing the kinds of issues he was concerned about, particularly abroad. With this in mind, Fred was involved in the formation of two organisations that leverage philanthropy: The Network for Social Change (NSC), the first giving circle of its kind in the UK, and The Funding Network, an organisation open to all for the support of social change and of which he is the founding Chair. Fred remarked, "Fortunately, I got involved with a group of like-minded people, with whom I learned how much more interesting it was to have a peer group of givers to talk things over with, and how much further my limited funds went when pooled with those of other people."

He added, "Giving money is one of the few things people do alone. We work together, eat together, dance together, and I've discovered that giving with others is more interesting, more satisfying, and probably more competent, if it is done in the company of other people. The money also seems to go further! That's why I've helped to set up structures in which people can give together and learn from each other."

He has leveraged significant funds through imaginative risk-taking, creative business deals and initiatives to encourage others to become philanthropic themselves. He has often used his entrepreneurial skills to resolve deadlocked business transactions by offering to give a charity, with the client, the difference between his price and that which the client was offering to pay. This experience has "involved people in philanthropy who were not engaged before". He has also expanded this idea with his own private collection of art by giving, not selling, a work of art to a client and then asking the client to give away its value in return.

Fred has always been inventive with his money. After a Greenpeace ship, the Rainbow Warrior, was sunk in Auckland Harbour, Fred suggested that they use advertising as a means of attracting new members. He took the risk of underwriting the advertising campaign, which he insisted be placed on the front pages of newspapers alongside news about Greenpeace. The ads were extremely successful, and Fred has since helped others, such as the Anti-Apartheid movement, fund similar campaigns.

Fred has turned giving into a personal experience: "I love dealing with works of art, but if I weren't an art dealer I'd want to be working with social justice issues. Using my profits to help fund what I believe in is immensely satisfying." [2]

2. http://www.philanthropyuk.org/resources/dr-frederick-mulder

Philanthropist, publisher and anthropologist Sigrid Rausing possesses that rare quality of someone who truly puts her ideals into action.

Sigrid Rausing

From an early age she was actively working for social change: in 1993 she spent a year living on a remote collective farm in Estonia doing fieldwork for a PhD in Social Anthropology and was an early member of the Network for Social Change.

Rausing, the daughter of Tetra Pak billionaire Hans Rausing, founded her charitable trust in 1995 (re-named the Sigrid Rausing Trust in 2003). It has five main areas of interest; (Human Rights) Civil and Political Rights, Women's Rights and Advocacy, Minority Rights, Environmental Justice, and Social and Economic Rights, these being causes in which she profoundly believes and which often find it hard to raise funds.

"I first became involved in activism rather than philanthropy, a young peoples' Amnesty group when I was 13, and feminism and peace protests at university," she tells Philanthropy UK.

"I felt quite rooted in the progressive movements, the civil liberties movement, feminism, the anti-torture campaign, and the movement to record and witness the Holocaust and other genocides. In my mid-20s I met a group of American inheritors who had come together to fund progressive projects and organisations, and learn about how to assess projects as well as talk about the meaning of inheritance. I joined a UK group too, and talked about similar issues. That is how I became a philanthropist."

Key to Rausing's impact as a philanthropist is her approach to grant-making: "Most of the work we do is human rights orientated. We support quite a few organisations working on violence against women, oppressed minorities, including sexual minorities, and we now have a separate portfolio concerned with protecting human rights defenders internationally. The work we support within environmental justice is mainly about helping poor communities fight against environmental degradation caused by industrial pollution. We also support a number of organisations which focus on corruption, or which act as watchdogs to large financial institutions such as the World Bank."

Her criteria for selecting projects are also well-considered and successful: so far the Trust has given away more than £85m in grants. "In many ways we are like an eclectic publishing company – we try to pick the best projects we find within our funding categories. The budget has to make sense, the application has to be good, and the project has to be both creative and realistic. But we stay with our projects for an unspecified length of time, and often give core grants, both of which are crucial to successful grant-making."

As there are always challenges to giving effectively, this can help shape the approach taken, as Rausing explains: "In my view people in the human rights movement rarely think advocacy through to the end, which ultimately, always, is about what kind of a government you envisage. If you include the right to work in your mission, for instance, you are, perhaps without realising, advocating for an extremely strong – perhaps excessively strong – State. The main challenge, I think, is to find projects and organisations with clarity of purpose (mission creep is endemic), are well led, and with good creative ideas. Leadership, to us, is about creativity as well as management."

As Rausing's own work and interests have continued to evolve – she founded Portobello Books, a publishing company and in 2005 also bought Granta magazine and publishing house – she advocates embracing change in philanthropy. She encourages new givers to "recognise that it's all a work in progress – that what you fund now may be different from what you do in five years time, and that evolution and change is an intrinsic part of any work which involves pushing for a change in the status quo. Visit projects and people on the ground, or in their offices. Think about the congruence between what you fund and who you are in life".

This marriage of ideals and philanthropic purpose has been Rausing's enduring motivation, and it has been immensely rewarding: "I enjoy travelling to projects that we fund, (and) meeting the people on the ground. I don't get enough time to do that now, but I will start again when my son is older. It's extraordinarily inspiring." [3]

3. http://www.philanthropyuk.org/resources/sigrid-rausing

All four philanthropists featured above make use of all their assets (skills, networks, experience) not just their money, to invest in organisations and people who are working to relieve suffering and to bring about what might be described as a better world, as perceived by the philanthropist. What they fund and how they do it varies, but each gives a lot of thought to how to make the most and biggest difference to the issues they feel strongly about. This approach is at the heart of strategic philanthropy.

One way to define strategic philanthropy is to contrast it with charity.

Charity is often reactive. It may be spontaneous and comes from the heart. Examples could include giving alms to people who beg, providing food for the hungry, shelter for those without homes. It is essential and there will always be a need for it.

But strategic philanthropy, in contrast, seeks to determine the root causes of the problem: lack of employment, poor crop yields, insufficient low-income housing, alcoholism and so on. In the well-known example, we can give a man a fish (charity) or teach him to fish for himself (strategic philanthropy). The latter, teaching him to fish for himself is a horizontal intervention; it avoids the assumption that the issue is one of being poor or lacking in abilities. Philanthropy invests in context, its goal being to achieve a situation in which people can use their own abilities to satisfy needs, in which potential can be realised. A vertical intervention, conversely giving a fish, gives to the community, rather than investing in a way that supports or releases the community to bring about its own change.

Let's be clear: there will always be a need for charity and it will always be important. But sometimes money spent effectively in tackling the root cause, can bring about more change, benefiting more people.
It may take longer and may not bring the immediate satisfaction of seeing a hungry child fed, but it can make a long term and sustainable difference. And by introducing individuals to how it works and how they can do it, you will engage them and they will want to continue. For many philanthropists there will be a journey, on which you will be the guide, moving from simple charity, often where involvement starts, to more strategic and leveraged support for long term changes, coupled perhaps always with some charitable giving, because the need for charity never goes away. Philanthropy is not for everyone all the time. But for many people it can be a vital part of a mixed portfolio of giving to improve their community and the world.

As has been said, charity is the experience of bringing someone on to a train that is stationary, while philanthropy is like inviting someone on to a train that has a destination which it is moving towards.

'sometimes money spent effectively in tackling the root cause, can bring about more change, benefiting more people'

2 : WHY DO WE USE STRATEGIC PHILANTHROPY WHEN WORKING WITH INDIVIDUALS?

At the Institute we encourage the use of strategic philanthropy because we believe it has the best chance of opening up opportunities and releasing potential so that people can solve or reduce the difficulties they and their communities face.

In addition, it is an approach that is well suited to the individual donors who will become the clients of your community foundations. Strategic philanthropy requires someone to imagine what the world would look like if the problem about which they are concerned were eradicated or reduced. And then work out the steps that need to be taken to attain that vision. Strategic philanthropists, unlike business or government, can be both patient and act quickly when needed. They often work in collaboration with others (the beneficiaries, leaders and so on) but they aren't answerable to the electorate or to share-holders so they can be nimble and take a long view. Strategic philanthropists have many tools they can use and by working on their own, or in collaboration with others, they can use the tools imaginatively to bring about positive change.

People who become strategic philanthropists need a guide to help them start and to support them as they carry on the work. You will be that guide and the donor will become your client. As you work together you will find that your client becomes extremely engaged and most people want to continue the work, with you, rather than make a one-off donation. It will be important to think of the donor as your client with whom you have a relationship just as any professional does with a client. This is slightly different from thinking of the donor merely as someone who will be making donations to the non-profit organisations in your community. In the client role the donor will rely on your expertise and will benefit from your experience, a valuable service for which it is appropriate that you charge a fee, either directly at an hourly or project rate, or as a percentage of the donations your client makes through your community foundation.

Hereafter, this booklet will use the term "client" rather than "donor" to reinforce what may be a necessary shift in attitude. Even if you are working alongside your client, in a collaborative approach to solving a problem, the philanthropist will be relying on your expertise and knowledge, and paying you for the service you provide, just as he or she would for any other professional service.

'Strategic philanthropists have many tools they can use and by working on their own, or in collaboration with others, they can use the tools imaginatively to bring about positive change.'

3 : WHAT ARE THE STEPS?

Finding your clients

Commonly, meeting the people who will become your clients, will be your first hurdle but there are a number of tested approaches that have worked in a variety of places. At the Institute the vast majority of our donor-clients, over 80%, are referred to us by word of mouth. To begin that process, if you haven't got donor-clients already to do the work for you by recommending the excellent services you provide, it might be productive to identify a few donors in your community who are not yet your clients but are the kind of people with whom you would like to work and who would also have networks and friends you would like to reach.

The best first approach will depend on your community and culture but a simple social event, perhaps with a speaker on a topic of interest (e.g. the areas of deprivation in your community) and a chance to meet organisations working to solve the problem, will position you as an expert and give you a forum at which you can announce that you will be offering advisory services to clients from now on and that there will a discounted fee for the first six months, or even a free trial. You then have an opportunity to impress the first clients and in due course you will have satisfied clients who will be ready to recommend you to their networks so that you may provide to them the same services to make giving easier, more gratifying and more efficient. At Cluj Community Foundation they have found that their Swimathon and Don'Or Awards Gala are good opportunities for donor acquisition and retention, providing an engaging introduction, building trust and cultivating an initial contact which leads to an opportunity to offer professional services.

Simultaneously, you may want to ensure that lawyers and financial advisors and other professionals serving people who might become your clients, know about your services and are ready to recommend you when they meet with their own clients. It might be worth offering these professional intermediaries a free seminar (or mounting a session at one of their professional meetings) at which you introduce them to the areas for concern in your community, and what needs to be done to help. It will be important to emphasise that you have access to **the solutions** to these problems. In that way you demonstrate your value and why it is that people will want to come to you to take advantage of your knowledge.

4
steps to get
you started »

step

1

Your first professional meeting with the donor who has now become your client.

Some people will know exactly what kind of change they want to help make: better care for the elderly, better education for small children, reduced vandalism, better care for the dying, but many others may not know. They may have a generalised sense that the community isn't flourishing as well as it could, or they may even have firm conviction about what it is that needs to change, which you, who work in the field every day, may feel is appropriate, or misplaced.

So, the first step in the advising process is to find out what your client cares about. What worries him or her about life the way it currently is in the community? What gives him or her the greatest hope? What are the changes they would like to see and most importantly, why? It is important that you find out what your client cares about, so that you can advise him or her about causes and organisations that will bring satisfaction to the client by the work they do.

When possible chat to your client about his or her family, hobbies, ways of spending time so that you can get a feel for what interest him or her. At the Institute we ask our clients what motivates them to want to help others. For example we ask: Who inspired you when you were a child? Who inspires you now? Do you have particular religious or other values that guide you in your life? How would you like to be remembered?

Be sure that your client feels involved and that is his or her interests that you are enquiring about. To begin with it isn't an exercise in educating your client about where the needs lie. Instead it is an exercise in finding out what he or she cares about, so that you can later link them with organisations and people who share their feelings and are working to bring about change that would be of special interest to your client. You can ask whether what you are saying strikes a chord with them. Is there an area other than the one you have begun discussing that would bring even more meaning to your client's life and sense of him or herself? Most people don't mind at all if you have ask them personal questions as long as you do it in a respectful way. In fact, people are usually pleased to have an opportunity to talk about what they care about. The opportunity to do so doesn't arise all that often.

Always remember that it is the client's time and money and it doesn't need to be spent like this. Individuals can spend their assets many ways. If they choose to invest them to improve the lives of others, they deserve to be able to see and feel what they have done. That satisfaction will lead to them wanting to continue with the work.

'It is important that you find out what your client cares about, so that you can advise him or her about causes and organisations that will bring satisfaction to the client by the work they do.'

This first step may, also, involve some education of your client, by you. You may need to introduce your client to the difficulties that face people in your community. Clients may not know what goes on in other parts of the community, for instance where there is more pronounced poverty. Clients will almost certainly not know about the many extraordinary organisations about which you know, doing work that clients may not even know needs to be done. This is your chance to introduce your client to aspects of the community about which he or she may not know, and at the same time to educate them about what you believe is the work that most needs to be done.

Of course, you are not going to tell a client who wants to support one kind of charity or issue that he or she is wrong and that they should their time and donations somewhere else! But you are going to be looking for opportunities to build on the client's stated interest and to introduce your client to new organisations and ideas about which he or she had not previously known. You will be your client's guide in this world of the non-profit sector, which will likely be foreign to your client, but in which you are at home. That's why your client needs you. You have valuable expertise.

At the Institute for Philanthropy, as mentioned above, we ask our clients a number of questions early on in our relationship with them. You do not need to ask exactly these questions, nor in the order set out, but it is very helpful to ask these kinds of open-ended questions early on, so that you can get a sense of who your clients are and what motivates them.

1. What worries you most about the community we live in and the world at large?

2. What gives you hope?

3. Who were the people in real life, in stories, in history, in myth who inspired you most when you were a child?

4. Who or what inspires you now?

5. Why have you decided to give some of your time and money to others, rather than spending it all on yourself or only on your family?

6. Are you guided by religious faith or other systems of values?

7. Do you want to involve other people in your family in the philanthropic work you will be doing, for instance your children or spouse? Or do you prefer to be engaged in this on your own?

step

2

Your client could say that she is concerned about unemployment, hooliganism and crime in the community, or the number of children whom she feels have inadequate families or the number of children who leave school without skills that fit them for employment.

Alternatively people might be concerned about children and youth with physical disabilities and their chances of social and professional integration, about children left at home while the adult family members work abroad, about isolation of elderly people, about health issues and capacity of the medical system to diagnose and respond to them properly or about access to services in isolated rural areas.

Let's assume that your client is concerned about isolated elderly people in the community. The first action, as it would be regardless of the issue of concern, is to find out or share with your client some of the activities currently being offered in your community, if there are any. You might want to introduce your client to an expert on aging in the community and/or take your client to visit a group of elderly people to find out what is of most concern to them. It may surprise you and your client.

Recently, the Community Foundation for Merseyside introduced Sir Terence Leahy, until recently the Chief Executive of the huge UK supermarket chain, Tesco, to a group of people with hearing disability as this was an issue in which Sir Terence was interested. The group spoke to Sir Terence about a number of difficulties they face and, as he was leaving, one person called out to tell him that the hearing-loops at Tesco weren't effective. With a phone call, Sir Terence solved the problem. Your client may be able to intervene in simple and unexpected ways.

You want your client to know what is already going on in the community to provide an education on the issue and so that he or she can begin to think about an intervention, or an area for support, that isn't currently available or that needs further exploration.

Some community foundations arrange visits for groups of clients. This can be useful when a number of clients have the same interest and will be less costly to you, particularly when you are short of time. But of course, it means that you will spend less focused time with each client, which may disappoint them. Also travelling together to a site, when there are just the two of you, provides a very good opportunity for getting to know each other and build trust.

Ideally, you would pay a small fee to the organisation you are visiting to emphasise that you are going to visit them to hear their expert views on the issue they work with, not with a view to funding them and that this is not an occasion when they should be soliciting funds from your client. You can explain to the client that you are paying a fee for the organisation's time and expert advice, which is way of reassuring the client that he or she will not be approached for money, and of alerting them to the fact that you will be passing this cost on to the client.

Most clients will be extremely grateful to you for taking them to places they would not know about and could not visit on their own, and this is also an opportunity for the community foundation staff who accompany them to demonstrate their own knowledge about the issue and the organisation.

'Travelling together to a site, when there are just the two of you, provides a very good opportunity for getting to know each other and build trust.'

step

3

While you are taking your clients to visit projects and organisations you will be not only educating them about issues, their root causes and some effective interventions but you will also be introducing your clients to evaluation and due diligence, two essential features of effective strategic philanthropy.

Evaluation is sometimes thought of something that comes at the end of a project or grant to check that the money was spent as intended. This kind of evaluation is both punitive and unhelpful. Take the example of a philanthropist who is concerned about the number of elderly people who live on their own and gives a grant to the community foundation to be used to support a charity that provides free lunch for elderly people several times a week in a community centre. One way to "measure" that grant would be to ask how many lunches have been served at the end of the grant period and to look carefully at the cost of each lunch to see that it has been as cheap as possible, to make sure the grant goes as far as it can. But what an opportunity lost that would be. Certainly counting the number of lunches to see how many people make use of the service and how often they come, will be an important first step. Frequent attendance of a good number would indicate that the service is popular and one could assume that isolation was being alleviated.

But a simple questionnaire (in the form of a conversation perhaps) could tell us so much more and help the providers to adapt the programme to bring in more participants. The elderly people could be asked what they like and what they don't like and we might discover that they would come more often if there were more (or less) vegetables, if there were music afterwards, if it were less noisy. There might be a case for increasing the cost of each lunch (and increasing the grant next time) to improve the food to provide better nourishment and to encourage more people to come, or to put the tables further apart if possible, to arrange a quiet table for some and to offer a choice of more (or less) vegetables. Underlying assumptions could, and arguably should, be tested too. Are all the people who come for the lunches isolated? And if they are, is that necessarily perceived as unwelcome by all of them? If we ask them how many times a week they see other people apart from when they come to the lunches we may discover that their neighbours come to see them every day, that they are friends with the children next door or that they go to church every day. That wouldn't mean that providing the lunch doesn't serve a purpose – it could be providing better nutrition (especially if there are more vegetables) and it could be alleviating poverty as it is free, but the purpose of alleviating isolation might be better served by identifying which people in the community are lonely and on their own, and targeting those. Similarly, some may come to get the lunch, because it is free, but are not lonely and would much prefer to have it brought to them at home by a service that did that, if that could be arranged.

This kind of evaluation need not be expensive; the people serving the lunch could be asked to have brief conversations to elicit this kind of information and as a result the individual philanthropist will gain a window in to the lives of the people she is seeking to help and the problem she is trying to solve. She will learn from the evaluation and will be able to help the people who deliver the service to modify the programme to better meet the actual needs. Not all charities will be pleased to learn that the programme will be more effective if changes are made, but many will, and that number will increase if the information is conveyed with tact and consideration and isn't delivered or understood as a criticism.

Like evaluation, due diligence can be perceived as a burden. But as professional grant-makers it is probably something you always do and do well. Checking that organisations are well run, that their finances are in order and that they are in compliance with relevant regulations could well be a burden for an individual philanthropist. By taking it on and reassuring your clients that you have done it, without bothering them with the details unless they ask, you are providing a very valuable service to your clients and it is worth pointing that out. It is a significant benefit you offer.

step

4

Keeping your clients satisfied and involved.

By following the first three steps you will have:

1: Learnt a great deal about your client and probably established a bond because your clients have shared their private feelings with you. You will also be building trust with them.

2: Demonstrated your value by introducing them to the issues and organisations (and admirable and interesting people) working on them on your community, educating them about the issues, the root causes and what may be effective solutions and interventions; and,

3: Demonstrated your value as a professional who can relieve them of the task of performing due diligence and who understands evaluation and can guide them through it.

Your client is very likely to have developed a strong and trusting relationship with you as a result of the above. We hope she will be satisfied and if she is satisfied she will keep on returning to you and using your services, because she has learnt their value. Another reason for continuing the relationship with you will be that she will have an opportunity to explore her chosen issue(s) more deeply and to pick up others if she wishes.

Some clients appreciate detailed written reports about what their philanthropy has achieved and others will prefer a short written report (or none at all) and a conversation, in person, during which they can ask you questions. Thank you letters from the organisations supported, to the philanthropist, will always be appreciated. And sometimes a hand-written note will be much more effective than a longer, more formal report. It is important to find out what your client prefers and then deliver that.

We, at the Institute for Philanthropy, always ask our clients to evaluate the services we have provided. What was helpful? What was not? What can we do to improve the service next time?

To keep your clients satisfied and involved you can also offer them some of the following, facilitated or run by you:

- *Themed meetings or short publications on e.g. education, the elderly, managing illness, the environment. You can become known as the expert overview organisation on issues in which you already have expertise, simply by putting what you know into a paper and publishing it on your web site. Don't forget to hold an event with expert speakers to launch the publication.*
- *Giving Circles – see the Institute for Philanthropy's e-handbook, downloadable as a pdf. 'Give Together': http://www.instituteforphilanthropy.org/content/Guides*
- *Themed funds, in which a number of philanthropists pool funds for a particular purpose. This is a way of bringing more people in, particularly people who are new to the idea of community foundations but have an interest in a particular subject*
- *Family philanthropy, involving the clients' children and grandchildren, where the whole family comes together to learn about an issue and invest in making change.*
- *Social events where philanthropists have the opportunity to meet other philanthropists in a safe environment where they will not be approached for funding.*

'You can become known as the expert overview organisation on issues in which you already have expertise, simply by putting what you know into a paper and publishing it on your website.'

4 : CHARGING

Setting your fees will depend on what your market will bear although we know that UK and CEE community foundations have similar fee scales. For more details on the range of fees charged in the UK please contact the Community Foundation Network: www.communityfoundations.org.uk/about/contact/

As a rough guide you might want to consider charging an hourly rate that is approximately similar to that charged by a therapist, osteopath or professional sports trainer; i.e. a professional level fee but probably less than that charged by a doctor or lawyer. Alternatively you can offer a fee to cover an extended piece of work or a time period.

It is usual to offer a first appointment without charge.

Most community foundations offering philanthropy advice services publish their fee scale on a sheet that can be inserted in the information pack given to potential clients at the first free meeting.

5 : FREQUENTLY ASKED QUESTIONS

1. WHAT IS TO STOP MY CLIENTS FROM FUNDING THE CHARITIES TO WHICH I INTRODUCE THEM DIRECTLY, WITHOUT USING THE COMMUNITY FOUNDATION?

This could happen but it is unlikely for two reasons, first it would be a breach of the trust which you will have established with your client and second, without you the client won't have the advantage of your professional knowledge and the due diligence and evaluation work performed by you on their behalf.

2. WILL MY CLIENTS EMBARRASS ME ON SITE VISITS?

There should be no need to feel embarrassed or to worry that the staff of the charity will be offended. It is always useful to brief your clients ahead of site visits, telling them who they will be meeting and what to expect. Remember that your clients are likely to feel nervous going to meet people whom they have never met before so it is quite alright to discuss protocol with them in advance: they will probably welcome it, if done tactfully. In our experience people who are the beneficiaries or staff of charities are rarely disconcerted by displays of wealth by your clients, so you needn't be either. Beneficiaries and staff are usually pleased that someone with a big car or wearing diamonds has come to visit, and take it as a compliment. You can also tell charity staff in advance that sometimes clients will be nervous and if they seem abrupt or insensitive it is an indication of their nervousness or uncertainty about how to act and isn't intended as rudeness or criticism.

3. HOW WILL THE CLIENT RESPOND TO THE IDEA OF CHARGING THEM?

If handled well, it shouldn't be a problem! The key is to remember that people providing services do charge – therapists, osteopaths, sports trainers – and that you are knowledgeable in your field. The converse of this is that you have to be sure that you are indeed knowledgeable. If a client wants to work on an issue about which you don't have knowledge, simply tell them that you will come back to them on that at the next meeting and do the research in between. Some community foundations designate particular staff to be expert on certain issues so that there is an in-house expert on most subjects. If the subject is particularly abstruse it is sensible to introduce the client to a local expert, showing your own expertise by knowing whom to recommend.

Sometimes clients are surprised that anyone working in or on behalf of charitable organisations charges a fee, but that's usually simply because the client who thinks that hasn't thought it through. Just patiently explain that the community foundation needs to survive in order to give advice so it must charge fees to do that.

4. WHAT IS THE MINIMUM INVESTMENT/ DONATION CLIENTS SHOULD MAKE, IN ORDER FOR IT TO MAKE SENSE TO WORK WITH THEM AS STRATEGIC PHILANTHROPISTS?

If you are charging an hourly rate there is no need for any minimum donation by the client. Your costs will be covered by the fee and at the very least you will have educated the client, even if he or she never makes a donation. If you charge a percentage you will need to work out what you need to cover your costs in the percentage you charge and that will determine the size of the minimum donation with which you can work.

A strategic effect can be achieved with very small amounts of money. The skill lies in making the donation in just the right place and at the right time and supporting it with other assets the client may have. Some philanthropists in Liverpool who wanted to reduce waiting periods for people seeking help with regard to suicide, effected a huge change by giving the counselling service access to space the philanthropist had so that more sessions could be run. The counselling service had wanted money but free space achieved exactly what they needed. Thinking of providing space that was going unused was a strategic and highly effective move.

Strategic philanthropy is like throwing a stone in to a pond to cause ripples. It's a skill. You have to get it just right. But when you do, a very small stone, of just the right shape, will cause many, many ripples.

5. WHAT SHOULD I DO IF A CLIENT IS INTERESTED IN A FIELD WHICH IS NOT WELL COVERED IN TERMS OF EFFECTIVE CHARITIES?

Philanthropists often start or provide funds for start-up organisations where they are needed and not in place. Your role then will be to make sure that the philanthropist really wants to take it on; that he or she is willing to provide long term funding; that you help devise a plan that will bring in other funders or, better, help the new organisation develop its own streams of income; and that what the philanthropist is planning to start is really the best and most creative answer to the problem.

6. WHERE DO I FIND MY FIRST DONORS TO 'PRACTICE' ON (START HAVING A PHILANTHROPY ADVISING EXPERIENCE)?

Every conversation you have from now on with someone who might become a philanthropy client, is an opportunity to practice. Try starting by asking some simple questions about the person's life and interests. Take it in small steps so that you don't get overwhelmed with practising too much at one go. Also, role-playing with your colleagues in the foundation is invaluable practice. Ask one to role-play being a potential donor while you play being yourself. In addition, role-play being the potential donor yourself so that you get a feeling of what it feels like to be asked questions about what motivates you and what you want to achieve.

6 : USEFUL WEBSITES

www.instituteforphilanthropy.org
www.communityfoundations.org.uk/
www.geofunders.org
www.philanthropyuk.org/

About The Institute for Philanthropy

The Institute for Philanthropy
We are one of the world's leading organizations providing international donor education. We believe that if you give people with the capacity to give, the skills, knowledge and networks to do so effectively, then they will increase the size and impact of their giving. We work closely with a global network of over 200 wealthy families, and partner with companies, trusts, foundations and schools. We act as a forum for the development of new ideas and produce original and practical research on a range of issues, including the management of charitable assets, philanthropy during the economic downturn and funding for core support. We also convene gatherings for learning with leaders in the field, including accomplished philanthropists and academics.

OUR VISION

We look towards a world in which philanthropists from around the globe have the skills to make significant contributions to the pressing issues of their time, in their own giving and in networks and partnerships with others.

OUR MISSION

We work to increase effective philanthropy in the United Kingdom and internationally. We do this by

- Providing donor education
- Building donor networks
- Raising the awareness and understanding of philanthropy

If you have any questions about our work or to find out more, please email us:
contact@instituteforphilanthropy.org

Or visit us at:
www.instituteforphilanthropy.org

Institute for Philanthropy
2 Temple Place
London
WC2R 3BD

Tel: + 44 (0)20 7240 0262
Fax: +44 (0)20 7240 8022

Institute for Philanthropy U.S.
100 Broadway, 17th Floor
New York, NY 10005

Tel: +1 212 513 0020
Fax: +1 212 202 4313

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